



OFFICE OF  
THE TREASURY ATTACHÉ

9508 P.  
E #411

UNITED STATES TREASURY DEPARTMENT  
AMERICAN CONSULATE GENERAL  
SHANGHAI, CHINA

February 2nd, 1938.

Commissioner of Customs,  
(Investigative Unit)  
U. S. Treasury Department,  
Washington, D. C.

Sir:

There are enclosed herewith for the information of the Bureau and other interested Departments copies of five reports relative to opium and narcotics in China.

Respectfully,

*W. R. Nichols*  
Treasury Attaché

Enclosures - as stated

Encl. } 3/2/38 ✓  
Cambridge }

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Shanghai, January 28, 1938.

#### JAPANESE CARRY OUT NARCOTIZATION POLICY

##### IN THE SOUTH

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Following the occupation of Shengchuanshan (上川島) and Hsichuanshan (下川島) of Kwangtung by the Japanese marines, large quantities of red pills (heroin pills), opium and sugar have been smuggled to these two islands on gunboats by the invaders, according to information secured from a friend who has just arrived here from Taishan (台山), Kwangtung. To carry on their narcotization policy simultaneously with their military campaign, the Japanese sold their cargo to the native Chinese at a very low price. In Taishan Chinese government monopoly opium is sold at \$7 to \$8 per tael, but the

Nipponese charge only \$2.50 in these two islands for the same amount, while only 50¢ is charged for 100 red pills. The Japanese also agree to exchange their cargo for foodstuffs. According to the reporter, every 30 pints of rice (each pint equals twelve ounces) can be exchanged for one bag of white sugar (50 catties). Trade in narcotics is in full swing for most of the local ignorant people are willing to buy it due to its cheap price.